

CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT

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THIS IS UNEVALUATED INFORMATION

1. The general management of the United Steelworks, National Corporation (SONP) is located in Kladno (N51/L59) and is in charge of SONP branches in Kladno, Chomutov (N51/F02), Hradec near Rokycany (N50/L24), Chrudim (O50/M78), and Prague. 25X1
2. The SONP, Kladno, has its own local railway which is equipped with locomotives and cars. The plant uses the Kladno-Dubi railroad station for loading and unloading shipments. SONP, Kladno, includes the Poldina Works and the Konev Works. The former concern manufactures semi-finished goods, steel bars, and "Poldi Diadur" (cemented carbides and tools made of cemented carbides which have the hardness of diamonds). In addition, diamonds are reground here and set into tools and measuring instruments. The Konev Works has its own coal mine, coke ovens and open hearth furnaces. 25X1
3. SONP, Chomutov, manufactures stainless steel products such as vats for the dye industry and equipment for the chemical industry. In addition, the plant manufactures all types of knives. The Chomutov branch is equipped with special rolling mills.
4. At Hradec, the SONP is building a large plant for drawing steel. In addition, various special tools will be manufactured here.
5. The Chrudim plant produces dynamos, electrodes, razor blades and various electrical mechanical devices. The plant will probably be detached from the SONP, since it does not manufacture all-steel products.
6. The SONP sales division in Prague controls the following warehouses:
 - a. The Poldina Hut office in Praha II, Opletalova 35, where steel bars and iron sheets are stored.
 - b. The store in Prague-Holesovice where "Diadur" is stored.
 - c. Stores in Decin (N51/F56), Pilsen (N50/L04), Hradec Kralove (O51/G71), Jablonec (O51/G26), Brno (P50/M40), Moravska Ostrava (P50/O59), Bratislava (P49/X99) (the largest store of the SONP and former representative for all Slovakia).

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7. The Sales Office of the Poldina Works is in charge of all administration connected with the sale of steel products. It also controls steel export and imports. Steel products are delivered to customers directly from SONP plants. The Sales Office includes nine departments, which are designated by Roman numerals. For example, Department VII is the stainless steel department and Department IX is the "Diadur" department. In addition, the Sales Office has a Secret Department which handles exports to the USSR and other satellite countries, as well as deliveries of war materials to Skoda Works, Avia, Zbrojovka and Letov.
8. In July 1951 it was rumored that the Sales Office would be reorganized and eventually closed. This was in accordance with the government order to release administrative personnel for manual labor. The Sales Office was to be transformed into an advertising and promotion office which would require less clerical help. Thus, each SONP plant would become administratively autonomous. Later it was decided that the Sales Office would not be deactivated until 1 February 1952. The present organization of the Sales Office is as follows:
- a. SPH (socialist economic management). This department controls all other departments.
 - b. The Price Control Department calculates prices, issues price lists, reports new types of steel to the State Planning Office and with the help of special tables makes chemical analyses.
 - c. The Contract Department makes all business contracts and handles all the legal affairs of the plant.
 - d. The Invoice Department calculates prices to be invoiced for goods delivered to customers and posts all invoices.
 - e. The Statistical Department registers the quantities of delivered steel.
 - f. The Technical Service issues brochures and catalogs describing products of the various SONP plants.
 - g. The Forwarding Department posts all letters and samples.
 - h. The Stationery Department supplies all departments with stationery and turns out multigraphs of price lists, etc. for use within the plants.
9. In May 1950 one of the branches of the Sales Office was to make a report on the quantities of alloy material (nickel, chrome, tungsten, etc.) needed to turn out Soviet orders. Since the stock of these materials was sufficient to meet only the Soviet orders, it was considered unlikely that the production of high alloy steel for domestic consumption could continue. Moreover, only half of the nickel required to fill the Soviet orders was on hand. The nickel supply is estimated to be 200,000 kg. The delivery of necessary metals was promised by the USSR, but was dependent on the collection of scrap metals and on the smuggling of alloy materials from West Germany.
10. The production of the cemented carbides was reportedly retarded because of the obsolete production methods and the lack of cobalt. Cobalt is allegedly smuggled to Czechoslovakia [redacted] via East Germany in suitcases and parcels and also in diplomatic luggage. Since every smuggled parcel cannot be analyzed upon receipt, low grade cobalt is often passed off and consequently poor quality end-products result. Since the production of "Diadur" also depends upon cobalt, the supply problem is of major importance. 25X1
11. Poland ordered a large number of Zetor tractors from Zbrojovka in 1951. Zbrojovka ordered the necessary steel shafts from the SONP Sales Office. The SONP had to refuse the request and consequently Zbrojovka ordered the shafts from the Vitkovice Iron Works. Although the Zetor tractor is equipped with electric horns, the Poles ordered hand horns, which are very difficult to procure in Czechoslovakia.

In the spring of 1951

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the production of certain types of steel was forbidden and other new types were introduced. In order to purchase stainless steel, a special permission from the Ministry of National Defense must be obtained, since this steel is used only for military production. As a result of this restriction, the SONP can produce only inferior quality steel, and automobile shafts of such steel last only half as long as shafts made of stainless steel. A car equipped with such a shaft cannot be driven more than 50,000 km. before the shaft must be replaced. Shaft on military vehicles, however, are made of the very best steel.

13. The production of the popular high-speed steels was curtailed and nine new types of high-speed steel were introduced. One type is called Poldi-Rol. The cutting tools made of this new, inferior grade steel has reduced the cutting speed of the tools. This has a decisive effect on Stachanovite workers who cannot achieve record output unless provided with the best steel cutting tools. 25X1

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15. When the metallurgical works urgently needed silicon in June 1951, it was announced that a drive to collect silicon in Zatec (W51/F10) and Podbarany (W51/L09) would take place. Farmers living in these districts voluntarily collected the quartz and were well paid for it.
16. In June 1951 when the SONP was reorganized and all the price calculations were handed over to the SONP at Kladno, an order was issued that price calculations were to be kept secret lest the workmen should learn about them and begin making comparisons between the low wages and the high prices received for steel. 25X1

the Czechoslovak products were 100 percent more expensive than those of Widia. The smaller Czechoslovak products were about 50 percent higher than the Titanit products and the larger sizes were only a little cheaper. For the comparison the official rate of exchange was used.

17. Most steel products are exported to the USSR. A drawing and the requisite chemical composition accompanies each product ordered by the USSR. Some products requested must contain such a high percentage of nickel and chrome that even the best Czechoslovak steel does not fulfill the requirement.
18. Raw materials used by the SONP are obtained by collecting scrap iron, from the mines at Uncice, importing Soviet ore of very poor quality; and in the case of alloying materials (nickel, chrome, tungsten, vanadium, molybdenum, etc.) the raw material is supplied mostly by smugglers.

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19. Leading personnel of SONP include the following:

General Manager of SONP, Kladno	Poncar, former chairman of the Works Council.	
Manager of Commercial Section, Kladno	Pichl	25X1
Head of the Cadre Department	Krchov	
Personnel Manager	Lepic,	
Manager of Sales Office, Prague	UNCODED Frantisek Kulhanek	
Chairman of Works Council, Prague	Krakos	
Chairman of the KSC, Prague	Jichova	
Head of the Secret Department	Kalina,	
Political Education Chief	Brychta	
Head of the Technical Service	Finda	
Security Officer	Zozvonilova	
Legal Adviser, Sales Office	Dr. Havlas,	
Head of SPH Department	Selixova	
Head of General Section	Eduard Hoffman	

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